

## §21.7

sum or installment payments to repay the debt as an alternative to administrative offset. Any debtor who wishes to do this must submit a proposed written agreement signed by the debtor to repay the debt, including interest, penalties, and administrative costs determined by the Department as due. This proposed written agreement must be received by the workout group individual specified in §21.4(b)(4) within 60 calendar days of the date of the Department's initial written demand letter, or if in response to the Notice of Intent, within 30 calendar days of the date of the Department's Notice of Intent.

(2) *Department response.* In response to timely notification by the debtor as described in paragraph (a)(1) of this section, the Departmental unit head (or designee) will notify the debtor within 30 calendar days whether the debtor's proposed written agreement for repayment is acceptable. It is within the discretion of the Departmental unit head (or designee) to accept a repayment agreement instead of proceeding by offset. However, if the debt is delinquent and the debtor has not disputed its existence or amount, the Departmental unit head (or designee) should accept a repayment agreement instead of offset only if the debtor is able to establish that offset would result in undue financial hardship or would be against equity and good conscience. Before accepting a repayment agreement, the Departmental unit head (or designee) will also consider factors such as the financial statements provided by the debtor, the amount of the debt, the length of the proposed repayment period (generally not to exceed 3 years), whether the debtor is willing to sign a confess-judgment note or give collateral, and past dealings with the debtor. In making this determination, the Departmental unit head (or designee) will balance the Department's interest in collecting the debt against the financial hardship to the debtor (see §21.18). A Departmental unit head (or designee) may deem a repayment plan to be abrogated if the debtor should, after the repayment plan is signed, fail to comply with the terms of the plan.

(b) [Reserved]

## 15 CFR Subtitle A (1-1-03 Edition)

### §21.7 Review of Department records related to the debt.

(a) *Notification by debtor.* A debtor who intends to inspect or copy Department records related to the debt must send a letter to the Departmental unit workout group employee specified in §21.4(b)(4) stating his or her intentions. The letter must be postmarked or received by the Department within 30 calendar days of the date of the Department's first demand letter.

(b) *Department response.* In response to timely notification by the debtor as described in paragraph (a) of this section, the Departmental unit workout group will notify the debtor within 10 days of the request of the location and time when the debtor may inspect or copy agency records related to the debt, as well as provide the debtor with the name and telephone number of the contact person who may provide assistance to the debtor for ensuring that copies are made of all appropriate documents related to the debt. The debtor may also request that such records be copied and mailed. The responsible Department official(s) will provide access to records within 15 days from the date of the debtor's request for access, or mail the records to the debtor within such time period. Mailing of records by Departmental official(s) will be by certified or registered mail. The debtor will have 25 days from the date of access or 30 days from the date the records were mailed, to review the records and pay the debt or to petition the Department of a review of the determination of indebtedness.

### §21.8 Review within the Department of a determination of indebtedness.

(a) *Notification by debtor.* A debtor who receives an initial demand for payment under the procedures, or a Notice of Intent (see §21.4(d)), has the right to request Department review of the determination of indebtedness. To exercise this right, the debtor must send a letter requesting review to the Departmental unit workout group individual identified in §21.4(b)(4). The letter must explain why the debtor seeks review and must be postmarked within 60 calendar days of the date of the first demand letter, (or 30 days from the Notice of Intent), or if a request has been

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made by the debtor to copy or have relevant records mailed, within the calendar-day time period provided in §21.7(b), above.

(b) *Department response.* In response to a timely request for review of the initial determination of indebtedness, the Departmental unit head (or designee) will notify the debtor whether review will be by (1) oral hearing, or (2) by administrative review of the record. The notice to the debtor will include the procedures (see §21.11) used by Departmental officials for administrative review of the record, or will include information on the date, location and procedures to be used if review is by an oral hearing.

### §21.9 Types of reviews.

The Department will provide the debtor with an opportunity for an oral hearing, or an administrative review of the documentation relating to the debt, under the following conditions.

(a) *Oral hearing.* The Departmental unit head (or designee) will provide the debtor with a reasonable opportunity for hearing if:

(1) An applicable statute authorizes or requires the Department to consider waiver of the indebtedness, the debtor requests waiver of the indebtedness involved, and the waiver determination turns on credibility or veracity; or

(2) The debtor requests reconsideration of the debt and the Departmental unit head (or designee) determines that the question of the indebtedness cannot be resolved by review of the documentary evidence.

An oral hearing need not be a formal (evidentiary type) hearing. However, hearing officials should carefully document all significant matters discussed at the hearing.

(b) *Administrative review of written record.* Unless the Departmental unit head (or designee) determines that an oral hearing is required (see paragraph (a) of this section), the unit head (or designee) will provide for a review of the written record(s) (a review of the documentary evidence related to the debt, in the form of a “paper hearing”).

### §21.10 Review procedures.

(a) The oral hearing will be conducted as follows:

(1) The hearing official will take necessary steps to ensure that the hearing is conducted in a fair and expeditious manner. If necessary, the hearing officer may administer oaths of affirmation.

(2) The hearing official need not use the formal rules of evidence with regard to admissibility of evidence or the use of evidence once admitted. However, parties may object to clearly irrelevant material.

(3) The hearing official will record all significant matters discussed at the hearing. There will be no “official” record or transcript provided for these hearings.

(4) A debtor may represent himself or herself or may be represented by an attorney or other person. The Department will be represented by the General Counsel or his designee.

(5) The General Counsel (or designee) will proceed first by presenting evidence on the relevant issues. The debtor then presents his or her evidence regarding these issues. The General Counsel then may offer evidence to rebut or clarify the evidence introduced by the debtor.

(b) *Administrative review of the record:* The Departmental unit head (or designee) will designate an official of the Department as hearing official who will review administrative determinations of indebtedness which are not reviewable under criteria provided in §21.9(a) for justifying an oral hearing. The hearing official will review all material related to the debt which is in the possession of the Department. The hearing official will make a determination based upon a review of this written record, which may include a request for reconsideration of the determination of indebtedness, or such other relevant material submitted by the debtor.

(c) The Department may effect an administrative offset against a payment to be made to a debtor prior to the completion of any of the due process procedures required by this section, if failure to take the offset would substantially prejudice the Department’s ability to collect the debt. For example, if the time before the payment is to be made to the debtor by another Federal department or agency would